

6

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Producers 88 (4-89) — Paid Up
With 640 Acres Pooling Provision
STANDARD LEASE W/ OPTION

**PAID UP OIL AND GAS LEASE
(No Surface Use)**

THIS LEASE AGREEMENT is made this 21st day of August 2008, by and between O.M.O. INVESTMENT CO., A CALIFORNIA GENERAL PARTNERSHIP AND WILLIAM J. OWEN, TRUSTEE OF THE WILLIAM J. OWEN AND PHYLLIS C. OWEN FAMILY TRUST, whose address is 311 Jones Drive, Lake Havasu City, AZ 86406, as Lessor, and DALE PROPERTY SERVICES, L.L.C., a Texas limited liability company, 2100 Ross Avenue, Suite 1870, LB-9, Dallas Texas 75201, as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises:

7.109 ACRES OF LAND, MORE OR LESS, BEING A PORTION OF LOT 2, BLOCK 5, OUT OF POST AND PADDOCK PARK, AN ADDITION TO THE CITY OF GRAND PRAIRIE, TARRANT COUNTY, TEXAS, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 388-198, PAGE 54, PLAT RECORDS OF TARRANT COUNTY, TEXAS, AND BEING MORE PARTICULARLY DESCRIBED IN THAT CERTAIN DEED DATED JUNE 8, 1993, BY AND BETWEEN LINCOLN NATIONAL LIFE INSURANCE COMPANY, AS GRANTOR, AND O. M. O. INVESTMENT CO., A CALIFORNIA GENERAL PARTNERSHIP, AND WILLIAM J. OWEN, TRUSTEE OF THE WILLIAM J. OWEN AND PHYLLIS C. OWEN FAMILY TRUST, AS GRANTEE, RECORDED IN VOLUME 11097, PAGE 1184, OF THE DEED RECORDS OF TARRANT COUNTY, TEXAS; LIMITED IN DEPTHS FROM THE SURFACE OF THE EARTH TO THE BASE OF THE BARNETT SHALE FORMATION.

FOR ADDITIONAL PROVISIONS AND A DESCRIPTION OF THE LEASED PREMISES, SEE EXHIBIT A, ATTACHED HERETO AND BY REFERENCE MADE A PART HEREOF.

in the county of TARRANT, State of TEXAS, containing 7.109 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocarbon substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of three (3) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be twenty-five percent (25%) of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casing head gas) and all other substances covered hereby, the royalty shall be twenty-five percent (25%) of the proceeds realized by Lessee from the sale thereof or from the sale of products extracted therefrom, less a proportionate part of production, severance, or other excise taxes; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of either producing oil or gas or other substances covered hereby in paying quantities or such wells are waiting on hydraulic fracture stimulation, but such well or wells are either shut-in or production there from is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease for a period or periods not exceeding twenty-four (24) months cumulatively provided that shut-in royalty is timely paid as provided below. If for a period of 90 consecutive days such well or wells are shut-in or production there from is not being sold by Lessee, then Lessee shall pay shut-in royalty of five hundred dollars (\$500.00) per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository

designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in at lessor's address above or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the US Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. Except as provided for in Paragraph 3. above, if Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all but not any lesser part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well or a gas well which is not a horizontal completion shall not exceed 40 acres plus a maximum acreage tolerance of 10%, and for a gas well which is a horizontal completion shall not exceed the acreage permitted to be assigned to such well for allocation of acreage-based allowable pursuant to Railroad Commission Rule 86 plus a tolerance of 10%. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds 1000 feet. In exercising its pooling rights hereunder, Lessee shall file of record, and provide Lessor with a copy of, a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted (for assignment of acreage-based allowable) by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record, and provide Lessee with a copy of, a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith

shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

13. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.

14. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties

hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

15. Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other operations.

16. Lessor, and their successors and assigns, hereby grants Lessee an option to extend the primary term of this lease for an additional period of two (2) years from the end of the primary term by paying or tendering to Lessor prior to the end of the primary term the same bonus consideration, terms and conditions as granted for this lease.

17. This lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original.

DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

LESSOR (WHETHER ONE OR MORE)

LESSEE

**O.M.O. INVESTMENT CO., A CALIFORNIA
GENERAL PARTNERSHIP**

**Dale Property Services, L.L.C., a Texas limited
partnership**

By: Michael R. Owen and Cheryl D. Owen
Family Trust

By: [Signature]
Name: Mike Taliaferro
Title: President

By: [Signature]
Michael R. Owen, Trustee

**THE WILLIAM J. OWEN AND
PHYLLIS C. OWEN FAMILY TRUST**

By: [Signature]
William J. Owen, Trustee

ACKNOWLEDGMENT

THE STATE OF CALIFORNIA X
X
COUNTY OF LOS ANGELES X

This instrument was acknowledged before me on the 21 day of Aug, 2008, by Michael R. Owen, Trustee of the Michael R. Owen and Cheryl D. Owen Family Trust, Partner of O.M.O. Investment Co., a California general partnership, on behalf of said partnership.

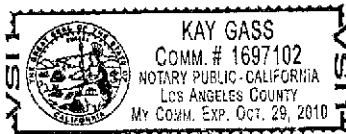
[Signature]
Notary Public, State of California
Notary's name (printed): KAY GASS
Notary's commission expires: 10-29-2010



ACKNOWLEDGMENT

THE STATE OF Calif X
COUNTY OF L.A. X

This instrument was acknowledged before me on the 21 day of Aug -2008, by William J. Owen, the Trustee of the William J. Owen and Phyllis C. Owen Family Trust, on behalf of such Trust.



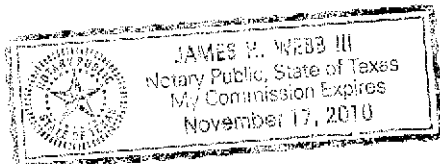
Kay Gass
Notary Public, State of Calif
Notary's name (printed): KAY GASS
Notary's commission expires: 10-29-2010

ACKNOWLEDGMENT

STATE OF TEXAS

COUNTY OF TARRANT

This instrument was acknowledged before me on the 28th day of August 2008, by Mike Taliaferro, the president of Dale Property Services, L.L.C., a Texas limited liability company, on behalf of such limited liability company.



James H. Webb III
Notary Public, State of Texas
Notary's name (printed): James H. Webb III
Notary's commission expires: _____

Exhibit "A"

The terms set forth below are incorporated into the Oil and Gas Lease dated August 21, 2008, between **O.M.O. INVESTMENT CO., A CALIFORNIA GENERAL PARTNERSHIP AND WILLIAM J. OWEN, TRUSTEE OF THE WILLIAM J. OWEN AND PHYLLIS C. OWEN FAMILY TRUST**, as Lessor, and **DALE PROPERTY SERVICES, L.L.C.**, as Lessee.

In the event of a conflict between the terms of this Exhibit A and the other provisions of the Lease, the terms of this Exhibit A shall control, govern and prevail.

1. Notwithstanding anything contained in this Lease to the contrary, Lessee does hereby expressly release and waive, on behalf of Lessee and Lessee's successors and assigns, all of Lessee's rights of every kind and character to enter upon and use the surface of the Leased Premises for the purpose of drilling, producing, processing, transporting, mining, treating, or storing, of oil, gas or other minerals. No derrick, other surface equipment, or pipeline shall be erected, maintained, installed or permitted on any part of said land. Nothing herein contained shall ever be construed to prevent Lessee from developing or producing the oil and/or gas in and under the Leased Premises or lands pooled therewith by pooling or by directional or horizontal drilling under said land from wellsites located on tracts of land other than the Leased Premises.

2. Lessee shall indemnify and hold Lessor harmless from and against any and all liabilities, claims, losses and demands for damage to property, personal injury or death, and expenses, including reasonable attorney's fees, arising directly or indirectly from actions, inactions or occupancy of the Leased Premises by Lessee or its assigns or the agents, employees, contractors or invites of either of them.

3. Lessor excepts, reserves and excludes from this lease all surface and near surface soils, minerals, sand, gravel, and caliche and all surface and subsurface fresh water. Lessee or Lessee's heirs, successors, and assigns shall be responsible for any damage to fresh water sands and water wells, which result from the exercise of leasehold rights stated herein.

4. Lessee does not have the right to pool the Lease Premises with other lands for the production of oil or gas unless there is included in the pooled unit all of the land covered by this lease.

5. Special Warranty Only. Lessor makes no warranty of any kind with respect to title to the Leased Premises, except by, through and under Lessor. By acceptance of this Lease, Lessee acknowledges that it has been given full opportunity to investigate and has conducted sufficient investigation to satisfy itself as to the title to the Leased Premises, and Lessee assumes all risk of title failures except by, through and under Lessor. If Lessor owns an interest in the Leased Premises less than the entire fee simple estate, then the royalties payable hereunder will be reduced proportionately.

6. For the purpose of Paragraph 3 and other provisions of this Lease, if the party purchasing production and/or products is an affiliate, parent or subsidiary of the Lessee, then Lessor shall be paid the royalty amount of the market value of such production and/or products, and the term "market value" shall be deemed to be not less than the highest price being paid in the general area of the Leased Premises at the time such sale is made, for oil, gas and products of like kind and quality under contracts containing the same general terms and provisions entered into on a bona fide basis by third parties not affiliated with or controlled by the Lessee. "General area" for purposes of this lease shall be deemed to be that area within Tarrant County which is located within five (5) miles of the Leased Premises.

7. In the event of a dispute under this Lease, the parties agree to attempt to resolve the dispute through good faith mediation to be held in Tarrant County, Texas.

8. It is agreed between the Lessor and Lessee that, notwithstanding any language herein to the contrary, all oil, gas or other proceeds accruing to the Lessor under this lease or by state law shall be without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, and marketing the oil, gas and other products produced hereunder to transform the product into marketable form; however, any such costs which result in enhancing the value of the marketable oil, gas or other products to receive a better price may be deducted from Lessor's share of production so long as they are based on Lessee's actual cost of such enhancements. However, in no event shall Lessor receive a price that is less than, or more than, the price received by Lessee from unaffiliated parties.



DALE RESOURCES LLC
2100 ROSS AVE STE 1870 LB-9

DALLAS TX 75201

Submitter: DALE RESOURCES LLC

SUZANNE HENDERSON
TARRANT COUNTY CLERK
TARRANT COUNTY COURTHOUSE
100 WEST WEATHERFORD
FORT WORTH, TX 76196-0401

DO NOT DESTROY
WARNING - THIS IS PART OF THE OFFICIAL RECORD.

Filed For Registration: 09/09/2008 08:18 AM
Instrument #: D208349529
LSE 7 PGS \$36.00

By: _____



D208349529

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE
OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR
RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

Printed by: CN